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STATE JUDICIARY
Exhibit No. 7
Date 2-16-07
Bill No. SJ10

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REQUEST TO THE MONTANA STATE LEGISLATURE

**FOR A STUDY RESOLUTION
ESTABLISHING A BIPARTISAN LEGISLATIVE COMMITTEE
TO FULLY EXAMINE A
REPEAL OF THE MANDATORY AUTO INSURANCE LAW IN ITS ENTIRETY
AND PROPOSE ENABLING LEGISLATION FOR A NEW LAW
INCORPORATING A PROCESS BY WHICH 100% OF ALL CARS
OPERATED IN MONTANA WILL HAVE INSURANCE EQUIVALENT TO
OR BETTER THAN THE PRESENT REQUIREMENTS,
100% OF THE TIME AND, MOST IMPORTANTLY,
AT A PRICE ALL MONTANANS CAN AFFORD,
AS WELL AS ELIMINATING THE INSURMOUNTABLE ENFORCEMENT
PROBLEMS ASSOCIATED WITH THE PRESENT LAW.**

1. At the present time, the status of automobile insurance in our State is not good. I estimate the quantity of uninsured cars to be somewhere between 25-35% and what is worse, the quantity is rising steadily here in Montana, as it is throughout the entire Nation. The cause of this problem is that the insurance companies are charging too much, and their pricing and rating practices constantly make everything worse, rather than better. The "point system" also plays a major role in pricing people out of their affordability range for auto insurance.

2. In my opinion, the quantity of uninsured vehicles in Montana is somewhere between 25-35% now. No one knows what the actual figure is, but we can extrapolate toward it given the thousands and thousands of tickets the cops write for people **DWP** (Driving While Poor.) If the legislature does not act soon to provide an functional and viable method of affordable auto insurance available to ALL of the people of Montana, it is my prediction that by the '09 legislative session the quantity of uninsured vehicles in this state may rise as high as about 50%. There are those who may say "Oh, it's not this bad, it's only about 15%." They are misinformed, and wrong.

3. We must keep in mind that the per capita income for Montana was only \$29,357 in 2005 and our state is in the lower percentile of all the states in this regard. Thus, it is not so difficult to figure out why so many people cannot afford auto insurance.

4. Generally, I have been given to understand that legislators have been literally "tearing their hair out" for years trying to find a solution to this dilemma and are frustrated that all anybody can say to them is "More Enforcement!" ... "We Want Tougher Enforcement!" and so forth. This simply is not going to work, it hasn't so far, and the difficulty can be summed up:

**It is IMPOSSIBLE to mandate
a transfer of NON-EXISTENT
wealth from Montana folks to
insurance companies.**

5. The entire issue is of sufficient complexity that we will need to spend many hours together in a study committee environment to get a grip on it, but as I will show, the solutions are almost childishly simple in principle, but we will need to bring in expertise in various fields, probably from out-of-state to help bring us to where we need to be.

6. One of the leading national experts in the field is Dr. Patrick Butler, with the Insurance Project of the National Association of Women in Washington, D.C. I have become acquainted with Dr. Butler, and I know he would be happy to come and talk with us, but some funding is going to be necessary to bring his expertise and that of others to Helena. I myself am of very limited means and will need help if I am to be able to share my knowledge with legislators in Helena.

Thank you for your time. I hope that it will be possible to have a study committee convened soon after this current legislative session adjourns.

Sincerely yours,

J. E. Schmidt